Rt Hon., Christopher Pincher, MP
Minister for Housing
House of Commons
London
SW1A 0AA

12th July 2021

Dear Christopher Pincher,

Re: ARCH and NFA survey findings on the impact of Universal Credit on tenants and landlords

We are writing to let you know that we have published the latest results from the ARCH and NFA survey into Universal Credit and welfare reform, *Heads above Water*.

ARCH (the Association of Retained Council Housing) and the NFA (National Federation of ALMOs) together represent over 100 local authorities and ALMOs across England, which between them manage over a million homes.

The survey analyses data from 39 local authorities and ALMOs managing just under half a million social/affordable rented properties. We also compare data from 31 organisations that responded in 2020 and 2021 to look at the impact of the pandemic.

Firstly, it is worth saying that while the survey is very much focused on landlord experience, we do pick up some worrying indications of the impact of the pandemic on tenants living in local authority housing. For example, 77% of income managers reported the increased use of foodbanks/ increased fuel poverty; 77% had seen increased demand for support services, 74% had seen increased demand for hardship funds and 66% had seen increased demand for Discretionary Housing Payments. These are particularly concerning considering the government's plan to remove the £20 uplift to UC.

The survey adds to the case for increased investment in genuinely affordable local authority housing. Households living in ALMO, and local authority housing have generally avoided increased housing debt during the pandemic. This is in large part because rents are entirely covered by UC housing entitlement (in most cases), which makes a big difference when compared with many households in the private rented sector, even with the LHA increases during COVID-19. It is also clear that the combination of national governmental support, including the £20 uplift to UC, combined with the intensive wraparound support that social landlords provide, has benefited households in the local authority sector.

Local authorities and ALMOs provide a considerable amount of support to households that need it, including tailored support to care leavers, tenancy sustainment support, financial wellbeing services, employment and training initiatives, mental health support and housing related support. In many cases this has been stepped up during COVID-19 and will continue to be a necessary resource for households, many of whom have been disproportionately affected by the pandemic, including low earners, young workers, and people from certain ethnic minority groups.

The government have committed £11.5 billion to a new Affordable Housing Programme over the next five years and subject to economic conditions, expect to deliver around 180,000 new homes in that period. However, only half of these homes are expected to be for affordable or social rent. We urge the government to be much more ambitious and to recognise the impact of the pandemic and the needs of those whose economic circumstances are such that they are unable to access home ownership.

Along with our partners at the LGA, we are calling for grant funding to fund at least 90,000 – 100,000 new socially rented homes a year. Analysis undertaken by Pragmatix Advisory on behalf of the LGA, ARCH and NFA prior to COVID-19 found that every 100,000 new social homes built would bring £14.5 billion into the UK economy, creating 263,000 jobs, improving public finances by £7.8 billion in today's money over 25 years, and reducing the annual deficit by £7,000 per each new home[1].

With the impact of COVID-19, we share the concerns across the sector that more households will face poverty as the national support measures are withdrawn, and more families will present as homeless when the system was already at breaking point. The only way to solve these systemic problems is to commit to funding a new generation of genuinely affordable social housing.

We are currently updating the Pragmatix Advisory report with new economic data and would like to discuss the findings with you in September if possible and would appreciate finding a suitable time to meet. In the meantime, if you have any questions or would like further information, please contact Chloe Fletcher, NFA Policy Director at chloe.fletcher@almos.org.uk or 07526 171033.

John Bibby,
Chief Executive Officer
Association of Retained Council Housing

Sarita-Marie Rehman-Wall
Chair
National Federation of ALMOs

[1] http://almos.org.uk/include/getDoc.php?did=8682&fid=10345

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